

Friday, May 23, 2008

# DAILY MARKET EDGE

| Latest Auction Results |       |       |       | RP Benchmark |        |        | PDS Summary |           |           | Asian Currencies |         |          |
|------------------------|-------|-------|-------|--------------|--------|--------|-------------|-----------|-----------|------------------|---------|----------|
| TBills                 | Ave.  | Prev. | Vol.  | Date         | TBills | Yield  | \$/Php      | 5/22/2008 | 5/21/2008 | As of            | 5/23/08 | 10:42 AM |
| 91D                    | 3.673 | 3.672 | 0.960 | 05/22/08     | 3MO    | 5.977% | Open        | 43.300    | 43.050    | \$/CURR          | BID     | OFFER    |
| 182D                   | 4.675 | 4.659 | 2.000 | 05/22/08     | 6MO    | 6.640% | High        | 43.480    | 43.250    | JPY              | 104.130 | 104.130  |
| 364D                   | 6.915 | 5.993 | 6.462 | 05/22/08     | 1YR    | 6.969% | Low         | 43.300    | 43.050    | IDR              | 9336    | 9342     |
|                        |       |       |       |              |        |        | Close       | 43.450    | 43.240    | SGD              | 1.359   | 1.359    |
|                        |       |       |       |              |        |        | Ave.        | 43.427    | 43.175    | TWD              | 30.445  | 30.452   |
|                        |       |       |       |              |        |        | Vol.        | 605.000   | 686.640   | THB              | 32.030  | 32.070   |
|                        |       |       |       |              |        |        |             |           |           | HKD              | 7.801   | 7.801    |

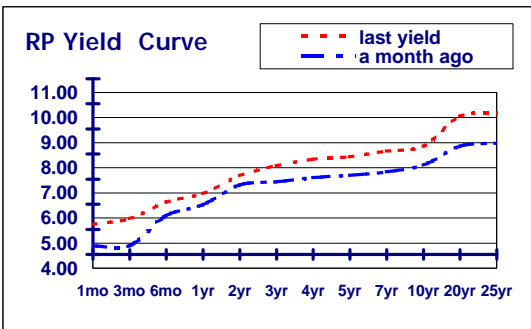
  

| FXTN | Cpn   | Prev. | Vol.  | Date     | FXTN | Yield   |
|------|-------|-------|-------|----------|------|---------|
| 2YR  | 8.500 | 8.500 | 5.000 | 05/22/08 | 2YR  | 7.685%  |
| 5YR  | 8.750 | 6.625 | 7.000 | 05/22/08 | 5YR  | 8.439%  |
| 7YR  | 8.375 | 6.500 | 7.000 | 05/22/08 | 7YR  | 8.664%  |
| 10YR | 7.750 | 5.875 | 7.500 | 05/22/08 | 10YR | 8.856%  |
| 20YR | 8.625 | 8.000 | 7.000 | 05/22/08 | 20YR | 10.060% |
| 25YR | 8.500 | 9.375 | 7.000 | 05/22/08 | 25YR | 10.169% |

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields traded higher by 2-5 bps on renewed inflation fears as the world crude oil prices hit new record highs. The 2 years traded higher at 7.36% which is 2 bps higher than previous close. The 3 years was 3 bps higher 7.75%. Lastly the 5 years 5 bps higher at 8.025%. With inflation fears, market could see yields continue to trade higher.



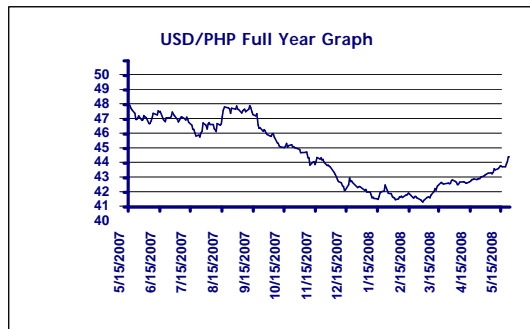
### Philippine Sovereign USD Bonds

US dollar continue to strengthen against Php on rising crude prices and inflation concerns continue. US dollar closed at 43.450 against the Php, higher than previous closing of 43.240. Lowest level of Php yesterday was 43.480. Market is expected to test psychological level of 43.500 in the next few days.

## CURRENCIES UPDATE

### USD/PHP

The dollar went up yesterday, closing at 43.24 vs. 43.00 previously. High oil prices saw the peso under-perform compared to its Asian neighbors, as the Philippine economy is seen vulnerable to inflation risk. Price action suggests a break out of the 43.00 resistance level, with 43.40 looming as initial target. Expected range: 43.20 - 43.50.



### Major Currencies

USD gained on better than expected US jobless claims which gave reason to buy back the dollar. Against the Asians, dollar was also firmer as equity markets rallied and on lower renewed worries over the US economy. Expect market to trade cautiously ahead of the retail sales and existing home sales to be released tonight ahead of the memorial day holiday on Monday in the US.

#### NY RANGE:

EUR/USD: 1.5693-1.5761  
 GBP/USD: 1.9778-1.9848  
 EUR/JPY: 162.55-163.87  
 USD/JPY: 103.18-104.38



## TREASURY DIRECTORY

|  |                 |
|--|-----------------|
| <b>Raffy Algarra</b>                           | <b>888-7030</b> |
| SVP - Treasurer                                |                 |
| <br>   |                 |
| <b>Raul Pedro</b>                              | <b>888-7042</b> |
| FVP  |                 |
| <br>   |                 |
| <b>Asset &amp; Liability Management (ALM)</b>  |                 |
| Sheila Gomez                                   | 888-7026        |
| Kris Vainio                                    | 888-7028        |
| <br>   |                 |
| <b>Fixed Income Trading (\$)</b>               |                 |
| Andre' Ibarra                                  | 888-7033        |
| Bong Cabral                                    | 888-7032        |
| Nikki Chua                                     | 888-7020        |
| <br>   |                 |
| <b>Fixed Income Trading (Php)</b>              |                 |
| Alan Atienza                                   | 888-7031        |
| Dino Aquino                                    | 888-7044        |
| <br>   |                 |
| <b>Derivatives Desk</b>                        |                 |
| Aileen Chua                                    | 888-7027        |
| Nicole Chai                                    | 888-7042        |
| Ella Villame                                   | 888-7649        |
| <br>   |                 |
| <b>Foreign Exchange (FX)</b>                   |                 |
| Jon Velasquez                                  | 888-7021        |
| Jun Aguilar                                    | 888-7025        |
| Jennie Cao Melon                               | 888-7024        |
| <br>   |                 |
| <b>Fixed Income Securities Division (FISD)</b> |                 |
| <br>   |                 |
| <b>Corporate Sales</b>                         |                 |
| Cheche Serrano                                 | 888-7007        |
| Amanda Roa                                     | 888-7006        |
| Desiree Ang                                    | 888-7009        |
| <br>   |                 |
| <b>Inventory Management</b>                    |                 |
| Adie Go  | 888-7728        |
| <br>   |                 |
| <b>Institutional Sales</b>                     |                 |
| Anna Yap                                       | 888-7001        |
| Marc Carlos                                    | 888-7029        |
| Mike Garcia                                    | 888-7170        |
| Maia Martirez                                  | 888-7002        |
| <br>   |                 |
| <b>Product Development &amp; Retail Sales</b>  |                 |
| Johanna Songco Hernandez                       | 888-7003        |
| Dominic Banal                                  | 888-7005        |
| Tracy Felipe                                   | 888-7004        |
| <br>   |                 |
| <b>FX / Money Market Sales</b>                 |                 |
| <br>   |                 |
| <b>Roman Leus</b>                              | <b>888-7012</b> |
| VP   |                 |
| <br>   |                 |
| Jocelyn Uy                                     | 888-7013        |
| Sheilagh Rivera                                | 888-7015        |
| Jill Rances                                    | 888-7016        |
| Francis Buenaventura                           | 888-7014        |

## TERM OF THE DAY

**Group of Seven (G7)** - This is a group of the major industrial democracies in the international community, namely the USA, United Kingdom, Japan, France, Germany, Canada and Italy. They usually meet annually to discuss major economic and political issues facing their societies and the international community as a whole.

\* Information provided in this report accurately reflect the personal views of the specialists. No responsibility is accepted for errors or omissions, or for any consequences arising there from.